



PRESSRELEASE

21 SEPTEMBER 2017

1ST HALF OF 2017: FRENCH CREATION CONFIRMS ITS OVERSEAS POSITIONING WITH A 9% RISE IN EXPORTS TAKING ALL SECTORS INTO ACCOUNT.

+12% in leather goods exports: the luxury handbag is still an unrivalled fashion accessory

The leather goods sector continues to grow. French companies producing leather goods have seen their ex-factory turnover increase by 8%. In value terms, exports for this sector have increased by 12% during the first half of 2017 (+11% for handbags and +13% for small leather goods). This represents 3.2 billion euros.

These positive results can be explained by very healthy performances on international markets. Foreign demand for French luxury leather goods is developing at a steady rate: +14% for sales in the European Union, +7% in America and +13% in Asia. Representing some 45% of our exports, the Asian continent continues to be an important market for leather goods. Although sales in Japan continue to fall (-7%) following the devaluation of the yen, they are growing in most other countries: +24% in Hong Kong, +15% in China, +16% in South Korea and +9% in Singapore.

Sales of handbags have increased in value terms but have reduced in volume. France exported 10.1 million handbags, some 0.6 million fewer than in the first half of 2016. However, this 6% fall in exports in volume terms has been accompanied by a very significant increase in value. The average transaction value of exported handbags has also increased:

- Handbags (all materials): 176 euros (+ 18%)
- Leather handbags: 447 euros (+20%)

For information, the market share for leather handbags remains quite stable. One in four of all handbags exported is made of leather.

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+6% in footwear exports: a muted French market compared to the good export results

Most of the indicators for the French footwear industry are positive in terms of export. However, at the national level, French consumer figures are showing a certain slowdown.

+6% in exports of French shoes, some 55.3 million pairs of shoes and other footwear items during the first half of 2017 (0.8 million more pairs than the previous year) for a turnover of 1.5 billion euros. Overseas demand for footwear from France is still high.

The sales of shoes with leather uppers and shoes with textile or synthetic uppers have respectively shown growth of 11% and 2%.

Of the 55.3 million pairs exported, 48.2 million went to our neighbours in the European Union, some 87% of sales in volume terms and 73% in value terms. The income from exports within the European Union (1.1 billion euros) has risen by 4%, at a more moderate pace than sales in America and Asia that have shot up by 16% and 10% respectively. American and Asian consumers prefer items made from leather. The proportion of shoes and other footwear items made from leather represents 70% of sales in volume terms and 79% in value terms for America, plus 56% in volume and 80% in value for Asia.

As with the leather goods sector, the luxury / premium labels are the main exporters of leather items.

At the national level, the results are disappointing. The women's segment, which until now had been the driver of the sector, has encountered difficulties, whilst the children's sector has been affected by the fall in the birth rate in the last two years. Consequently, footwear labels have seen their turnover and sales in volume terms reduce by more than 4%. French manufacturers of shoes and other footwear have reduced their production and their turnover by 3%.

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21 SEPTEMBER 2017

A variable economic context for the tannery industry despite a 1% rise in turnover

Production of finished leathers has tended to develop:

- +2% for bovines
- +10% for calf
- +1% for ovines

These results have allowed tanners to emerge from a rather morose period and increase their turnover by 1%.

At the same time, sales overseas have fallen by 3%:

- -8% for finished bovine leathers (44 million euros in the first half of 2014, 53 million euros in 2016 and 48.6 million euros in 2017)
- -3% for finished calf leathers.

Exports of finished bovine leathers have fallen, but they are still higher than they were in 2014, the year when demand for leathers and skins from overseas clients started to fall. In the first half of 2017, orders from our biggest client, the European Union, increased by 10%; but they fell by 21% in Africa (-33% in Morocco and -16% in Tunisia).

It should be underlined that exports of finished ovine leathers have increased by 12% while finished reptile leathers have increased by 26%, after a collapse in the sale of exotic leathers last year, down by 50%. The level of sales in 2017 is therefore lying between those of 2015 and 2016.

In general, the sale of finished leathers has decreased, as a result of the fall in sales in Africa, but also in Spain (-10%). In Italy, demand grew by 5%. But it is Asia that remains one of the leading buyers with an increase of 7% in exports to the continent. Sales to Hong Kong, China and South Korea have increased by 7%, 19% and 10% respectively. This Asian demand comes from a requirement to consume locally-made, but top-of-the-range products. French leather remains the reference in this sector.

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CONSEIL NATIONAL DU CUIR



21 SEPTEMBER 2017

Frank Boehly, President of the Conseil National du Cuir: *"The figures for the first half of 2017 are encouraging after a difficult 2016 for the tannery sector. They show that the French Leather sector is still exporting its high quality products. To maintain these strong performances from products that are Made in France, it is essential to develop our expertise, to pass our knowledge on to the younger generations and continue to innovate."*

The Economic Observatory of the Conseil National Du Cuir:

The Observatory carries out monthly surveys of the leather industry in the following sectors: tanning, footwear and leather goods. It also carries out monthly and annual surveys of collectors of leathers and raw hides.

The Economic Observatory processes and disseminates the external trade data provided by the French Customs authorities, the results of annual production surveys and data relating to global trade.

The publications produced by the Economic Observatory contain statistics on imports and exports, herd size, controlled slaughter, the collection of raw hides, production, deliveries, invoicing, headcount and payroll in the various sectors of the leather industry.

The Economic Observatory also works on the monthly, seasonal and annual surveys of the Fédération des Enseignes de la Chaussure (French footwear retailers).

All this data is published on the Conseil National du Cuir website: www.conseilnationaldu cuir.org

Conseil National du Cuir

The confederation brings together 20 federations and professional unions from the French leather industry, ranging from the farming of livestock through to the finished products and works with the entire French leather sector.

The French leather industry

- ◆ 9,400 companies
- ◆ 25 billion euros turnover
- ◆ 130,000 people employed in the leather, tanning, footwear, leather goods and glove making and leather goods retail industries.
- ◆ One of the world leaders for finished calf leather and exotic leather
- ◆ 3rd largest exporter of leathers and raw hides
- ◆ 13th largest exporter of finished leathers
- ◆ World's third largest exporter of leather goods

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ECONOMIC RESULTS

JANUARY - JUNE 2017 / JANUARY - JUNE 2016

September 2017

LEATHERS AND RAW HIDES

Slaughters *: Large Bovine: **-0.4%** Calf: **-2.6%** Ovine: **-0.9%** Caprin: **-6.4%**
Imports: **-15%** Exports: **-1%**

TANNERY

Turnover: **+1.3%**
Production of leathers and finished skins:
Bovine: **+2.0%** Calf: **+9.9%** Ovine: **+0.7%** Caprin: **-12.5%**
Imports: **-4%** Exports: **-3%**

FOOTWEAR

Turnover of manufacturing companies: **-2.9%** Total production: **-3.4%**
Imports: **+5%** Exports: **+6%**
Footwear retailers (major retail chains):
Turnover of comparable entities: **-4.2%** Sales by volume: **-4.5%** Average price: **-0.4%**

LEATHER GOODS

Turnover of manufacturing companies: **+8.2%**
Production of women's handbags (all materials): **-3.6%**
Imports: **+7%** Exports: **+12%**
Turnover of leather goods and luggage retailers**: **-3.0%**

* Source: Ministry of Agriculture and Agribusiness. Raw data

** Source: Fédération Nationale des Détaillants en Maroquinerie et Voyage (National Federation of Leather goods and luggage retailers)

Variations in imports and exports are in value terms.

ECONOMIC RESULTS

JANUARY - JUNE 2017 / JANUARY - JUNE 2016

	IMPORTS (in millions of euros)			EXPORTS (in millions of euros)		
	2016	2017	2017/2016	2016	2017	2017/2016
Leathers and raw hides	76.3	64.7	-15%	177.8	176.8	-1%
of which:						
Bovine - Equidae	13.2	18.0	+36%	130.3	132.0	+1%
Calf	1.5	1.1	-27%	29.0	26.7	-8%
Ovine	7.9	6.1	-23%	8.1	9.7	+20%
Reptile	53.2	39.1	-27%	9.6	7.7	-20%
Tannery	237.5	226.9	-4%	177.5	172.9	-3%
Tanned leathers	35.5	35.3	-1%	34.2	34.4	+1%
Finished leathers	202.0	191.6	-5%	143.3	138.5	-3%
of which:						
Bovine	75.4	73.5	-3%	53.0	48.6	-8%
Calf	56.0	50.7	-9%	33.4	32.5	-3%
Ovine	20.6	21.2	+3%	32.0	35.8	+12%
Reptile	27.6	25.9	-6%	8.1	10.2	+26%
Footwear	3 193.2	3 363.5	+5%	1 465.4	1 547.8	+6%
Footwear excluding slippers	3 136.1	3 273.1	+4%	1 452.3	1 511.2	+4%
Slippers	57.1	90.4	+58%	13.1	36.6	+179%
Leather goods	1 746.5	1 867.2	+7%	2 871.5	3 216.0	+12%
Handbags	725.5	778.3	+7%	1 597.2	1 779.5	+11%
Small leather goods	206.5	239.4	+16%	549.2	622.5	+13%
Watch bands *	23.2	24.0	+3%	56.7	56.3	-1%
Leather gloves	36.68	42.03	+15%	15.64	13.94	-11%
Sport	6.07	6.00	-1%	2.13	2.04	-4%
Protection	24.41	28.43	+16%	10.80	9.25	-14%
City wear	6.20	7.60	+23%	2.71	2.65	-2%

* Non metallic

Source: Conseil National du Cuir – French Customs and Excise

This document is produced with the financial assistance of CTC, the professional committee for the development of leather, footwear and leathergoods

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